Commodities together with an increase in aggregate demand have contributed to the increase in prices. Containment of inflation remains high on the agenda of the Government. Anti-inflationary policies of the Government include strict fiscal discipline, reduction of duties of essential items, effective supply-demand management of essential commodities through liberal tariff and trade policies and procurement through public agencies. The Monetary policy of Reserve Bank of India, while being conducive to economic growth, has attempted to contain inflationary expectations arising out of uncertainties in domestic and international environment.

Loan waiver scheme

2367. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether loans taken by farmers from private banks and money lenders are covered under the loan waiver scheme;

(b) if not, the reasons therefor;

(c) whether Government has calculated loans taken by farmers from private sources;

(d) if so, whether Government would announce suitable package; and

(e) if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (B) The Debt waiver and debt relief scheme for farmers stipulates that only the direct agricultural loans disbursed by Regional Rural Banks, Cooperative Credit Institutions and Scheduled Commercial Banks (including Private Sector-Commercial Banks) are covered.

(c) Based on the NSSO data, the Committee on Financial Inclusion (Rangarajan Committee) reports that 51.4% of farmer households do not access credit, either from institutional of non-institutional sources. Further, only 27% of the total farm households are indebted to formal sources, of which one-third also borrow from informal sources.

(d) and (e) The Farm Credit package of June, 2004, *inter-alia,* includes relief measures for farmers indebted to non-institutional lenders, including moneylenders, by providing them loans from banks against appropriate collateral or group security. However, due to lack of proper documentation, transparency and authenticity of data coupled with poor accounting methods, so far loans worth Rs. 105 crore only have been disbursed in about 36,000 accounts.

Interest rates in the medium term

2368. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) what is Government's view regarding interest rates in the medium term and what are the implications of the US Federal rate cut on the Indian rupees; and

(b) what is Government's information about the strategies of Central Banks of other countries in Asia and their response to US Federal cut in interest rates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Effective October 18, 1994, the Reservse Bank of India (RBI) has deregulated the interest rates on advances above Rs. 2 lakh, including housing loans and

these interest rates are determined by the banks themselves with the approval of their Boards. For credit limits up to Rs. 2 lakh, the Benchmark Prime Lending Rate (BPLR) has been prescribed as the ceiling lending rate. Banks have also been allowed to freely price their loan products below or above their BPLR and offer floating rate products by using market benchmarks in a transparent manner.

Effective October 22, 1997 the RBI has given freedom to the commercial banks to fix their own interest rates on domestic term deposits of various maturities with prior approval of their respective Boards. Interest rate on savings bank deposit continues to be administered by the RBI.

RBI has informed that since September 2007, there has been volatility in the foreign inflows to India reflecting the global financial market turmoil. Consequently, the exchange rate of the Indian rupee has exhibited two-way movements in the recent period. In the wake of the evolving financial market turbulence in US and Europe it is difficult to predict what will happen in the coming months.

(b) As per information gathered by RBI, in response to the US Federal cut in interest rate, several Central Banks that have been confronted with volatile and large capital flows have resorted to monetary tightening involving either hikes in policy rates or hikes in reserve requirements or both.

In China, the required reserve ratio was raised from 8 per cent in July 2006 to 15.5 per cent on March 25, 2008. After a gap of 17 years, the Bank of Korea raised reserve requirements from 5 per cent to 7 per cent for local currency deposits and short-term foreign currency deposits in November and December 2006, respectively. Meanwhile, in several Emerging Market Economies (EMEs) including China and Korea, Central bank bonds have continued to absorb liquidity from the banking system. The Bank of Korea is investigating large volume trading of currency forward contracts by exporters and financial companies to limit gains in the won, which appreciated to a 10-year high in 2007. The People's Bank of China raised the lending rate to 7.47 per cent in December 2007 from 7.29 per cent in September 2007.

Reduction in time gap between opening of issue and listing of IPO

2369. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that SEBI has decided to reduce the number of days betwen the opening of an Initial Public Offering (IPO) and the listing of shares to protect the interests of the investors;

(b) if so, how the above system would work to safeguard the interests of the investors;

(c) whether such practice is prevalent elsewhere;

(d) if so, the details thereof;

(e) whether any measures in addition to the above are taken to ensure greater investor protection, his education and market development; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) SEBI has informed that it has advised its Primary Market